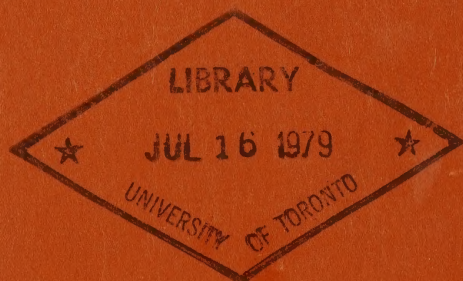


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Co-operative business in Canada



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The growth of the co-operative movement in Canada has been largely due to the farmer's struggle to improve his bargaining position. Consequently, the greatest development of co-operatives has been in rural areas, most notably in the marketing of farm products and the purchasing of farm supplies but also in the production and service spheres, including artificial insemination, community pastures, seed-cleaning and transportation. Co-operatives also provide farmers with groceries, credit, electricity, natural gas, insurance and many other consumer services.

Co-operative activity among urban families got off to a later start but has made significant progress. Credit unions and *caisses populaires* virtually blanket the country. Co-operative insurance is also thriving from coast to coast, while co-operative housing has made progress in selected areas. Co-operative grocery-stores have enjoyed great success in certain cities, particularly in Western Canada.

Early history

Agricultural organizations possessing some co-operative features existed in the earliest Canadian settlements. Most of these were informal manifestations of co-operation, such as barn-raising bees, exchanges of labour, etc., and were economic necessities in the pioneer way of life,

where neighbours had to depend on each other in order to survive. The earliest true co-operatives did not make their appearance in Canada until the late nineteenth century.

Meanwhile, in 1844, the weavers of Rochdale in England established the following basic principles for the co-operative form of business organization:

- (1) open membership (all who could benefit from the service might join);
- (2) democratic control (each member had only one vote);
- (3) limited return on capital at a modest rate;
- (4) distribution of surplus on the basis of patronage;
- (5) promotion of education.

A co-operative was opened by coal-miners in Stellarton, Nova Scotia, in 1861 and at least nine more were opened in other communities in that province before 1900. None of these survived the First World War. The still-existing British Canadian Co-operative Society was organized at Sydney Mines, Nova Scotia, in 1906; it is the oldest co-operative, and one of the most successful, engaged in the purchasing of consumer goods in Canada today.

In Quebec, development of the co-operative movement began with the formation of a farmers' mutual fire-insurance company in 1852. Co-operative insurance soon spread to the life-insurance field, the first fra-

ternal society being formed in 1863. Mutual fire-insurance and fraternal societies continue to be important types of co-operative in Quebec, and have spread to other provinces.

Another early development in Quebec was the organization of La Caisse Populaire de Lévis by Alphonse Desjardins in 1900. This was the beginning of co-operative credit and savings institutions, which now play an important role in the Canadian economy. The first farmers' co-operative trading organization in Quebec was formed in 1915; a fishermen's co-operative was organized in 1923.

A Canadian farmers' organization, the Dominion Grange, formed from branches of the American Grange in Ontario and Quebec, was granted a federal charter in 1877. At its peak, the Grange had 31,000 members, of whom 26,000 were in Ontario, where they operated a salt-manufacturing company for 38 years. The Grange also went into the fire-insurance business for 22 years and in 1879 started a banking operation that lasted seven years. The Grange eventually united with another farmers' organization.

About 1890, the Patron of Industry organization, which provided binder-twine to farms on a co-operatives basis, came to Canada from the state of Michigan, U.S.A.

The rapid development of agriculture in the Prairie Provinces after

1890 encouraged the early settlers to try to establish better marketing facilities. The beginnings of the co-operative movement in this part of Canada were made by organizations formed by Prairie farmers.

During the 1890s and early 1900s, the federal Department of Agriculture helped farmers in the territories that subsequently became the Provinces of Saskatchewan and Alberta to form co-operative creameries. These co-operatives provided marketing facilities for cream in communities where there had been none previously. Another early co-operative creamery was established in the Duncan area of Vancouver Island in 1896.

There was much dissatisfaction among the Prairie pioneers about the marketing of grain. In the early 1900s, the Territorial Grain-Growers' Association and the Manitoba Grain-Growers' Association were formed. While some progress was made in obtaining relief through regulatory legislation, these organizations soon decided that co-operatives marketing was the real solution, and the Grain-Growers' Grain Company was organized in 1906. Some farmer-owned local elevator companies had been formed before this date.

Province-wide co-operative elevator companies were well established in each of the three Prairie Provinces by 1913. The United Grain Growers Ltd was formed in 1917

through amalgamation of two of these – the Grain Growers' Grain Company in Manitoba and the Alberta Farmers' Co-operative Elevator Company. Though some of the early co-operatives survived and are still in existence, many either failed or evolved into joint-stock companies. These were handicapped by lack of appropriate legislation dealing with their incorporation and operation. Manitoba passed the first provincial co-operative act in 1887, and Quebec followed suit in 1906. In 1908, a federal bill for the incorporation of co-operatives passed the House of Commons only to be rejected by the Senate.

Provincial co-operative legislation gradually became general. Meanwhile the need was felt for some common association among co-operatives. Thus a small group of leaders met in Hamilton, Ontario, on March 6, 1909, to form the Co-operative Union of Canada, which became a co-ordinating and educational body.

Growth

The co-operative movement in Canada expanded rapidly during the first 15 years of the present century. In addition to the co-operative grain-elevator companies, numerous small purchasing and marketing co-operatives were formed. Many of these, however, could not cope with the rapid changes in price-levels that occurred between 1916 and 1924, and

they failed. Meanwhile, the farmers of Western Canada, having built a system of co-operative grain elevators and creameries, developed a keen interest in the pooling principle, through which they could receive average annual prices for their produce rather than the prevailing market price on delivery date. Pooling was particularly attractive to marketers of cereal grains, as farmers were in the habit of delivering most of their grain during the autumn, when prices were generally lowest. By 1925, Prairie farmers had organized three large grain-pools, which handled about half the grain marketed in the Prairie Provinces. A number of other pools organized during the 1920s followed the pattern set by the grain-pools.

The Great Depression, which began in 1929, created difficult problems for many marketing co-operatives. Prices of agricultural products fell for over three years and eventually stabilized at extremely low levels. This led to the failure of a number of weaker co-operatives and imperilled even the strong ones. For example, Saskatchewan Co-operative Creameries Ltd went bankrupt, though it was later reorganized. The grain-pools made payments at the time of delivery that were expected to be substantially below the final price. In the crop year 1929-30, prices fell so rapidly that these initial payments proved to be much higher

than prices realized when the grain was sold. Government-guaranteed loans tided the three grain-pools over the crisis.

By now it was clear that even large pooling co-operatives could not stabilize the prices of Canadian grain. The Canadian Wheat Board, formed for this purpose, operates pools for marketing the grain of the Prairie Provinces. As agents for the CWB, the four Western grain co-operatives assemble and store their grain. Despite all the setbacks experienced during the Depression, farmers continued to support their co-operatives, and the basic strength of the movement remained unimpaired. Indeed, the 1930s brought a revival of interest in co-operative purchasing. The grain-marketing co-operatives, especially the Saskatchewan Wheat Pool, helped farmers to organize new purchasing co-operatives. With lower prices for farm products, savings on the purchase of farm supplies became more important. For example, on the Prairies the mechanization of agriculture led to special interest in savings on the cost of petroleum. A small group of farmers organized Consumers Co-operatives Refinery Ltd in 1935 and built the first co-operative oil-refinery in the world. This was the beginning of an upsurge in co-operative purchasing in Canada that continues to this day.

Although both purchasing and marketing co-operatives have continued to grow since 1940, the most spectacular gains have been in the service field. Before 1930, financial co-operatives (*caisses populaires* and credit unions) had been practically limited to Quebec, but during the Thirties special legislation facilitating the development of credit unions was enacted by a number of provinces. The numbers, membership and assets of credit unions and *caisses populaires* have since grown with great rapidity. Co-operative insurance in the life, medical and automobile fields has also developed greatly during the last 30 years. In Alberta, rural electrification and, in recent years, natural-gas co-operatives have brought light, heat and power to thousands of farm homes; and co-operative housing has taken great strides in certain areas.

Co-operatives in 1976

For the year 1976, the Department of Agriculture received reports on 2,518 co-operatives, excluding credit unions, with a total membership of 2,366,000 and a total volume of business of \$6.21 billion. These co-operatives fall into the following classes: marketing and purchasing (1,164), fishermen's (82), service (873) and production (399). The marketing and purchasing co-operatives were served by eight co-operative wholesalers.

Marketing and purchasing co-operatives

The total business volume of these co-operatives passed the \$6-billion mark in 1976, another record year. The number of associations was little changed, while membership registered a gain of over 100,000, to 1,730,000. Association numbers have stabilized somewhat in recent years after a long period of decline, while general membership figures have grown over a period of many years.

Underlying these trends is the fact that, as in business generally, both co-operatives and farming enterprises have been consolidating in larger, more productive, units. This has also meant declining co-operative membership in the rural areas. Offsetting this decline, however, has been the growth of co-operative activity in the consumer field, which has brought in many new members, along with some new co-operatives in the urban areas.

During 1976, marketing of farm products accounted for 62 per cent of the total volume of business, distribution of farm supplies and consumer goods (purchasing) for 36 per cent, and service revenue and miscellaneous income for 2 per cent. These proportions have remained virtually unchanged over the past five years. Purchasing has continued a fairly steady upward course during this period, as was generally the case between 1932 and 1971, when it out-

ran the up-and-down growth of marketing. But from 1971 to 1976 marketing volume kept abreast of purchasing during the tremendous boom in wheat exports and an expanded share of the dairy market by co-operatives, particularly in industrial milk products. Together, the two commodity groups, grains and seeds, and dairy products, accounted for 90 per cent of the growth in co-operative marketing over the five-year period.

Farm supplies accounted for the greater part of Canadian co-operative purchasing in 1976, with food products second. The co-operative purchasing of feed is particularly important in Ontario, Quebec and British Columbia. Co-operative food-purchasing is a significant item in all provinces except Ontario. Co-operatives in the Prairie Provinces, Ontario and Quebec are large purchasers of petroleum, while the bulk of fertilizer and chemical purchases are made in the Prairie Provinces and Ontario. Farm-machinery purchases are an important item for co-operatives in Quebec and the Prairie Provinces. Co-operative purchasing of consumer items, especially food, has been growing steadily in recent years and now represents a substantial part of co-operative business volume. The sale of consumer goods was at first complementary to the main business of providing farm supplies, and thus they were sold

mainly to rural people. However, with the gradual consolidation of units into larger centres and the appearance of new co-operatives in the cities, more and more urban people have taken to co-operative purchasing.

The direct-charge co-operative, an alternative form of co-operative purchasing that has sprung up in recent years, is largely urban-based. In this system, the co-operative charges for goods at or near cost and the members pay a service charge on a regular basis (usually weekly) to cover the expenses of the organization. Direct-charge co-operatives have spread over Ontario and the Atlantic Provinces and a somewhat similar system, known as "Cooprix", is operating in Quebec. The Western provinces, which already possessed numerous co-operative supermarkets, have been slower to adopt the direct-charge system.

As in the private business world, there is much variety in the size and types of product handled by marketing and purchasing co-operatives in Canada. Some co-operatives handle only one kind of product, such as certain farm supplies or consumer goods, while others offer a broad line of goods. Some are involved in both marketing and purchasing. While many are small, others are large, and all intermediate sizes exist. Some co-operatives, though large, operate out of a single loca-

tion, while others have one or more branches. Some of the latter may serve an entire region or province, and some serve two or more provinces. However, the general tendency over the past two decades has been away from the small co-operative serving a limited area towards the larger regional unit.

There has also been a tendency towards the merging of the local or retail units with wholesale organizations. The most striking example is United Co-operatives of Ontario, which embarked on a program of amalgamation with local co-operatives in 1964 and now serves more than 30 branches that were formerly individual locals, as well as another 50 locals that have not as yet amalgamated with the wholesale.

A few marketing and purchasing co-operatives operate on an inter-provincial basis. United Grain Growers Limited has elevators throughout Western Canada and terminals on the Great Lakes and in Vancouver. Canadian Co-operative Wheat Producers Limited represents the three provincial wheat-pools, which, through its agency, consider programs and policies common to themselves and to the many thousands of grain-producers in the Prairie Provinces. Can Grain Ltd, jointly owned by the three pools, co-ordinates their exporting activities. The Saskatchewan and Manitoba pools have amalgamated their oilseed op-

erations in CSP Foods Ltd. This subsidiary, with a large and recently-expanded crushing facility at Altona, Manitoba, puts a strong emphasis on international outlets for Canadian oil and meal.

Canadian Co-operative Implements Limited, an independent farmer-owned association with its head office in Winnipeg, was set up in 1940 to manufacture and distribute farm machinery. It serves 80,000 members throughout the Prairie Provinces and northwestern Ontario. This co-operative ran into financial difficulty in 1977 owing to a drought-induced sales slowdown and a consequent inventory build-up. However, by means of a special loan from the Federal Government and the Prairie Provinces and a general reorganization, and with the continued support of its members, it is expected to succeed as a farmers' organization.

Canadian Co-operative Wool Growers Limited operates on a national basis. It has for many years handled almost 70 per cent of the wool passing through Government-registered stations.

Co-operative wholesales

Nearly all the co-operatives that purchase farm supplies and consumer goods for their members are affiliated with one or more of the eight co-operative wholesales in Canada. The wholesales provide the affiliated co-

operatives with a wide range of goods, and fill most but not all of their requirements. Some of the wholesales are also central marketing agencies for farm products. Sales of the co-operative wholesales were \$1,924 million in 1976, consisting of supply sales (\$1,296 million) – of which food products, feed and petroleum were the leading items – and farm-product marketings (\$628 million), led by dairy products, livestock and meat, and poultry.

There are eight co-operative wholesales. The largest, Federated Co-operatives Limited, is part of what is known as the Co-operative Retailing System of Western Canada. This federation includes more than 400 purchasing co-operatives serving approximately 550,000 owner-members, from northwestern Ontario to Vancouver Island. Food, drugs, dry goods and other consumer items are supplied, along with building materials, hardware, petroleum, fertilizers, agricultural chemicals, animal feeds and various other farm supplies. Federated is also involved in manufacturing, operating a lumber mill, a plywood plant, an oil-refinery, several oil-wells and, since 1975, a plant manufacturing homes, garages, roof-trusses and floor-systems. In addition, through a 1971 merger with Interprovincial Co-operatives, Federated owns a chemical formulating plant and is responsible for the "Co-op" label that is used only on

high-quality co-operative products. This co-operative also provides a broad line of services to affiliated locals, including accounting, audit, personnel and labour relations, printing, store design and layout, and construction.

Western Co-operative Fertilizers Limited, organized on a partnership basis by Federated Co-operatives Limited and the Alberta and Saskatchewan wheat-pools, and later joined by the Manitoba pool to supply the fertilizer needs of co-operative members in the Western provinces, was incorporated in 1964. Its plant, built on a 320-acre site near Calgary, Alberta, opened with an annual capacity of 225,000 tons (later expanded to 500,000). In 1974, WCFL joined with United Co-operatives of Ontario, La Coopérative Fédérée de Québec and C.F. Industries, a major North American co-operative fertilizer manufacturer, to form Canadian Fertilizers Limited. CFL recently constructed a huge fertilizer complex in Medicine Hat, Alberta, which produces nitrogen fertilizer for CFL's various partner-owners.

United Co-operatives of Ontario is both a wholesaler and, through its branches, a retailer. It is the largest marketer of cattle at the Toronto stockyards. It sells their grain for some members, while supplying others with feed. UCO is a large marketer of chicken and turkey broilers, for which it usually supplies the eggs

from its hatcheries. This co-operative services its members with a broad line of farm supplies, including fertilizers and pesticides, high-grade seed under its own label, gasoline, diesel and fuel oil and propane, milking-machines, feeding and watering systems, twine and many other items.

La Coopérative Fédérée du Québec is both a marketer of farm products and a wholesaler of farm supplies to 185 co-operatives serving some 35,000 farmer-members across the Province of Quebec. It is a large processor and marketer in the dairy industry, the most important agricultural industry in Quebec. It also provides technical advice on milk-processing and production-control and -management consultant services to local dairy co-operatives. In recent years it has become, through acquisition and expansion, the largest poultry-processing organization in the province, under the familiar name "Flamingo". In much the same way, this co-operative has come to control about 20 per cent of the province's meat-packing facilities. On the farm-supply side (purchasing), Co-opérative Fédérée services its member locals with just about every possible line of products, including farm machinery, in its effort to justify the slogan "Everything under one roof".

La Fédération des Magasins serves as the wholesaler for most of the 225 consumer co-operatives in Quebec. In recent years, the Fédéra-

tion has made some notable strides in the larger urban centres, especially with its "Cooprix" stores. Starting in 1976, this wholesaler has participated in a rationalization program for the consumer co-operative system involving the creation of branch systems for stores in specific regions.

Co-op Atlantic, formerly Maritime Co-operative Services, celebrated its fiftieth anniversary in 1976. From a humble start, this co-operative has grown into a prominent institution in the economy of the Atlantic Provinces. But it has always adhered to its co-operative principles and pursued its mission of bettering the economic well-being of the people of the region, of whom some 60,000 are members. Co-op Atlantic is most heavily involved in purchasing but it started as a livestock-marketer and still acts as the selling agency for the hog-marketing boards in New Brunswick and Nova Scotia. Both consumer goods and farm supplies, as well as management assistance, are provided to member locals. In the housing field, the wholesale has established a subsidiary, Atlantic Peoples Housing, in an attempt to ease the cost burden for home-owners. Several projects in the Moncton and Salisbury areas are now in various stages of development. Another project operated on a non-profit ba-

sis is People's Park Tower, a 272-unit apartment complex for fixed-income adults.

Pêcheurs Unis du Québec and United Maritime Fishermen Co-op are central marketing agents for Quebec and Atlantic-area fishing co-operatives. Both provide processing facilities to their members and sell in the export market. Pêcheurs Unis also builds fishing vessels and UMF wholesales supplies to members.

Fed Up Co-operative Wholesaler Association is a new, and relatively small, organization dealing in groceries. It is located in Vancouver and supplies about 55 member local co-operatives in British Columbia. This business is distinguished by a strong emphasis on the member-operator idea. All members of each local participate in operations on a rotating basis and, in the same way, the locals take turns running the wholesale.

Financial structure

Assets of the co-operatives have kept pace with the tremendous increase in business volume. Over the ten-year period 1966-1976, assets of the marketing and purchasing co-operatives have nearly tripled, growing from \$777 to \$2,225 million. Similarly, wholesale co-operative assets expanded from \$176 million to \$541 million. Much of the financing for this huge expansion came from debt rather than from the equity contributions of members. Some of this debt

is owed to other co-operative institutions, such as credit unions and co-operative insurance companies. However, concern has been expressed from time to time as to how far this trend could continue without posing a risk to the financial health of co-operatives. In 1966-76, member equity in marketing and purchasing co-operatives declined from 48 to 37 per cent.

Fishermen's co-operatives

Fishermen's co-operatives exist in all provinces. In 1976, there were 82 such organizations, with 12,000 members, which sold \$54-million worth of fish and \$45-million worth of supplies.

In British Columbia, all fishermen are eligible for membership in one large central co-operative, the Prince Rupert Fishermen's Co-operative Association. This association operates fish-processing plants in Prince Rupert and Vancouver. British Columbia fishermen also have co-operative credit and insurance plans.

Service co-operatives

These co-operatives provide insurance, electricity, housing and other services, including water, transportation, cold storage, seed-cleaning and natural gas. Service co-operatives reporting for 1976 (excluding insurance co-operatives other than those providing medical insurance) numbered 873 and had a member-

ship of 589,000, business revenue of \$103 million and assets of \$289 million.

Insurance

Co-operative insurance companies are active in all provinces – handling life, automobile, fire, hail, general casualty, fidelity and medical insurance. At the time of their founding, some of the mutual insurance companies were similar in principle to co-operatives. However, statutory provisions governing Canadian life insurance companies made it very difficult to maintain democratic policy-holder control in a large insurance firm. Some of the smaller mutuals, especially in the farm-life insurance field, operate like co-operatives.

Medical co-operatives were functioning in four of the ten provinces in 1976. These started mainly in the hospitalization field but gradually broadened their coverage to medical-surgical, etc. However, their field of operation was greatly narrowed by the entrance of federal and provincial governments into medical insurance in the 1960s. These co-operatives continued, nonetheless, to provide coverage supplementing the government plans, and in some cases to act as insurance agents for such plans. The popularity of these supplementary plans soared in the mid-Seventies in British Columbia and Ontario, each of which is represen-

ted by one large medical-insurance co-operative. In British Columbia the dental-insurance plan was so successful that about one-fifth of the province's population is now covered by some form of co-operative health insurance. In Ontario, the co-operative's extended health-care plan brought its membership close to the 200,000 figure.

Electrification

Rural electrification, which private companies considered too costly to undertake, is financed in Alberta largely through co-operatives that organize the farmers of a community to obtain electrical services for their farms. When the necessary membership is obtained by a new electrification co-operative, it contracts with a utility company serving the area to build and maintain power-lines and to provide power. The power company bills the co-operative for construction at cost. The co-operative has access to long-term, government-guaranteed loans to pay for the power-line. Each member contracts with the co-operative to pay his share of the loan during its term. These co-operatives, organized in the postwar era, provide electricity to about 90 per cent of Alberta's 60,000 farms.

Housing

Co-operative housing, which had its start in Nova Scotia, has gradually spread to all the provinces. The

building type was at first the predominant type of housing co-operative. In this type, a group of families get together to build single dwellings, the members themselves supplying as much of the labour as possible. In recent years, the "continuing-type" co-operative for collective ownership of multiple housing has come to the fore. This type is usually non-profit and is set up as a community or neighbourhood with some common services. The members do not provide any labour, a professional builder being employed. The members are charged rent to cover the amortization of capital cost over the useful life of the buildings and the cost of taxes and current expenses. Co-operative housing is eligible for funding under the National Housing Act and a number of co-operative finance organizations are approved lenders under the act. By 1978, there were over 200 incorporated housing co-operatives. About 100 of these were in full operation, with over 7,000 occupied units. The remainder had about 1,000 units under construction and approximately 2,000 more in various stages of planning.

Production co-operatives

Production co-operatives provide services directly related to agricultural production (for example, artificial breeding) or are directly involved in production (for example, co-oper-

ative farming). Wood-producers' co-operatives and feeder co-operatives, whose basic function is to provide financing for cattle on feed, are the two largest types in the production group, together accounting for over two-thirds of all business volume. Farm-machinery co-operatives (shared ownership of large items such as grain-harvesting equipment) and co-operative farms, however, have had a great resurgence in Saskatchewan in recent years, reflecting a vigorous effort by the provincial government to acquaint farmers with the benefits of producing on a co-operative basis. For 1976, business volume for 399 production associations, with 29,000 members and \$42 million in assets, amounted to \$48 million.

Financial co-operatives

Credit unions and *caisses populaires* are co-operative societies organized to accumulate savings and lend the money to members at reasonable rates of interest. The Rustico Farmer's Bank, chartered in Prince Edward Island in 1964, was a forerunner of these credit organizations.

Alphonse Desjardins organized the first *caisse populaire* at Lévis, Quebec, in 1900. He organized two others in the province before the Co-operative Syndicates Act, which provides the legal basis for this type of organization, was passed in 1906. By 1930, there were many *caisses*

populaires in Quebec. Other provinces lacked legislation governing incorporation and supervision of *caisses populaires*, so that only a few were organized, most of which failed.

The *caisse populaire* idea spread to the United States, where it was modified into the credit union, which met the needs of industrial workers. The *caisse populaire* used the parish, and the industrial credit union used the place of employment, as the basis of association for members. Interest in credit unions increased during the Depression of the 1930s. In Nova Scotia, the organization of credit unions was encouraged with considerable success by extension workers of St Francis Xavier University. Management of industrial firms across Canada began to see the value of credit unions to their employees. In a few years, appropriate legislation was adopted in all provinces and the organization of both industry and rural-community credit unions was encouraged. The finance co-operative movement entered a phase of rapid growth that continues today.

An added stimulus to membership growth in recent years has been the branching-out from the basic savings and loan function to the provision of full-line financial services to credit union and *caisse populaire* members. These include personal-chequing, first and second mortgages, safety-deposit boxes, money or-

ders, travellers' cheques, retirement-savings plans, payroll deductions and financial counselling. A by-product, of course, of this move towards sophisticated services is the trend towards a smaller number of individual units. A large, full-service credit union tends to replace more than one limited-service association.

Credit unions and *caisses populaires* have more numbers and more assets than all other types of co-operative taken together. In 1977 there were 3,835 individual associations, with more than 8,500,000 members, with total assets of \$19.4 billion and with loans outstanding of \$14 billion. Quebec, the originator, is still the leading participant in financial co-operatives. Central credit unions and *caisses populaires* were formed in all provinces. These act as depositories for the surplus funds of their member locals, and lend money to their members and, in some cases, to other co-operative organizations. The membership of the centrals is composed chiefly of local credit unions and *caisses populaires*, but also includes marketing, purchasing and other types of co-operative. In this way, the credit associations, which constitute one segment of the co-operative movement, are able to serve and assist other types of co-operative association.

There were 19 centrals in Canada in 1977, some of which served a small region while others served

whole provinces. In addition to the centrals, Canadian Co-operative Credit Society Limited exists as a sort of central for the centrals. It performs the same function for the centrals at the national level as the centrals perform for the locals at the provincial level.

A more recent development in co-operative history has been the move into the field of trust activities. At present there are two fairly large trust co-operatives, La Fiducie du Québec and the Co-operative Trust Company of Canada, which operates in all parts of the country outside Quebec. These organizations provide a full line of services, including estate planning, corporate trusts, registered retirement-savings plans and home-ownership plans. The total assets under their administration in 1976 amounted to \$2,200 million.

Supervision and direction

Co-operative wholesales provide certain supervisory services to local associations. Some have qualified auditors doing continuous auditing for local co-operatives and making regular reports to boards of directors. They also help local co-operatives with their income-tax returns. The business affairs of some local co-operatives are managed under the direction of a wholesale.

Nearly all Canadian co-operatives are incorporated under provincial authority. Federal co-operative legis-

lation did not exist before 1970. A few co-operatives that operate in more than one province were set up under the act for private business corporations, or under special acts, during the years before the federal co-operative legislation was passed; some of these have since been reincorporated under the Canada Co-operative Associations Act. There are ordinances governing organization of co-operatives in the Yukon and Northwest Territories. The degree of supervision and guidance offered to co-operatives varies from province to province. In some provinces, the only government service to most types of co-operative is that of ensuring that they are properly incorporated and that the correct legal procedures are followed in amalgamations and dissolutions. In other provinces, the registrar of co-operative associations has a small staff, which assists co-operatives during organization and provides advisory services. The Saskatchewan and Manitoba governments have special departments to deal with co-operative matters. Provision of inspection and advisory services is one of the main functions of these departments.

There is more supervision of credit unions and *caisses populaires* than of other co-operatives. In most provinces, each society is inspected about once a year. The inspector checks to see that the credit union is complying with the acts and bylaws.

He also looks for unsound management practices and other flaws that may impair the financial soundness of the association. Canadian co-operatives are generally subject to the same taxes as other business firms. Under the Income Tax Act, however, patronage dividends paid by business firms (including co-operatives and credit unions) may, subject to certain restrictions, be deducted in computing income for income-tax purposes.

Education, promotion and communications

A number of non-commercial organizations supported by dues from their member co-operatives are engaged in co-operative promotion, education, communication and government liaison. The Co-operative Union of Canada, which will celebrate its seventieth anniversary in 1979, is the most comprehensive, representing nearly every type of co-operative activity in Canada. The Canadian Co-operative Credit Society deals specifically with credit-union matters and the Co-operative Housing Foundation plays a similar role in the housing field. All three bodies work in close co-operation. The Co-operative Trust Company and the Co-operators Group Ltd have come to the fore on financial issues. There are two groups representing French-language co-operatives. Le Conseil Canadien de la Coopération is a national associa-

tion similar to the Co-operative Union of Canada, and the two work together in areas of common interest. Le Conseil de la Coopération du Québec represents most of the co-operatives within that province.

In the field of co-operative education, St Francis Xavier University, Antigonish, Nova Scotia, was the pioneer. It has been serving the needs of Atlantic co-operators for 50 years. The Coady International Institute was set up at the university in 1960 to train students from abroad. The Co-operative College of Canada is a training institute for managers and directors of co-operatives, operating on a national basis out of Saskatoon, Saskatchewan. It is currently engaged in a project to develop some specialized courses so that co-operators may be instructed concerning the specific needs of their regions. The College also administers the Canadian Credit Union Institute on behalf of the credit unions. The Institute provides leadership training for managers of financial co-operatives.

The Institute of Research and Training for Co-operatives at the University of Sherbrooke was set up in 1976. It provides an academic rather than a training program in co-operation, which encompasses economics, sociology, management and several other subjects.

L'Institut Coopératif Desjardins was established by La Fédération de Québec des Caisses Populaires Des-

jardins to train employees and directors of Quebec co-operatives in the various management skills required of co-operative personnel.

A wide variety of publications is sponsored by co-operative organizations in Canada, covering just about every subject that might be of interest to co-operators. The *Western Producer* and the *Manitoba Co-operator* are weekly newspapers for Western farmers. The *Co-operative Consumer* is published monthly for the benefit of retail co-operative members. *Ensemble* and the *Atlantic Co-operator* are published monthly in Quebec and the Atlantic region respectively. The *Credit Union Way* and *Ma Caisse Populaire Desjardins* are two widely-read credit-union publications. Together, the various newsletters, bulletins, magazines and newspapers, etc. published by the co-operative movement total more than seven million copies a year.

APPENDIX I

Growth of Marketing and Purchasing Co-operatives in Canada, 1932-76

Year ended	Association reporting	Total business, including other revenue(a)		
		Marketing	Purchasing	
		Thousand dollars		
1932	795	134 611	10 665	145 303
1941	1 395	215 030	24 895	242 158
1946	1 953	454 564	95 603	554 329
1951	2 348	769 264	209 985	988 459
1952	2 194	840 113	234 848	1 112 469
1953	2 221	874 698	245 629	1 147 590
1954	2 086	735 780	234 583	989 066
1955	1 949	704 047	228 446	941 377
1956	2 041	823 389	258 751	1 092 516
1957	2 022	817 601	283 730	1 116 002
1958	2 002	898 168	296 743	1 209 805
1959	1 982	963 330	332 943	1 315 167
1960	1 934	972 333	365 744	1 358 625
1961	1 914	1 019 819	391 761	1 430 197
1962	1 877	928 502	423 302	1 372 605
1963(b)	1 583	1 100 200	489 000	1 617 900
1964	1 546	1 234 000	522 800	1 780 600
1965	1 495	1 201 700	549 400	1 774 600
1966	1 420	1 238 600	609 500	1 882 900
1967	1 357	1 372 800	681 400	2 091 000
1968	1 312	1 285 600	715 000	2 039 900
1969	1 244	1 231 900	721 400	1 995 600
1970	1 230	1 288 400	743 000	2 074 400
1971	1 210	1 403 100	819 000	2 266 400
1972	1 120	1 708 300	906 300	2 666 900
1973	1 116	2 176 100	1 178 600	3 415 700
1974	1 123	3 142 800	1 550 000	4 769 600
1975	1 144	3 363 400	1 910 900	5 362 200
1976	1 164	3 745 400	2 162 300	6 001 500

(a) Other revenue includes patronage rebates from co-operative wholesales, interest on investments, rental income, custom work, etc.

(b) Calendar year basis for 1963 and subsequent years.

APPENDIX II

Volume of Business of Marketing and Purchasing Co-operatives in Canada, 1976

<i>Farm products</i>	thousand dollars	
Dairy products	1 016 800	
Fruits and vegetables	86 200	
Grains and seeds	2 127 300	
Livestock and products	334 900	
Poultry and eggs	130 200	
All other	50 000	3 745 400
<hr/>		
<i>Supplies</i>		
Food products	612 000	
Feed	363 600	
Fertilizer and agricultural chemicals	207 200	
Hardware and machinery	347 600	
Petroleum	339 200	
Building materials	126 800	
All other	165 900	2 162 300
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Total sales		5 907 700
Service revenue		52 800
Other income		41 000
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Total volume of business		6 001 500

APPENDIX III

Growth of Credit Unions and *Caisses Populaires* in Canada, 1946-77

Year	Credit unions and <i>caisses</i> <i>populaires</i>	Members	Members as a percentage of total population	Assets	Loans to members during year
				million dollars	
1946	2 422	688 739	5.6	188	53
1947	2 516	779 199	6.2	221	81
1948	2 608	850 608	6.6	254	90
1949(a)	2 819	940 427	6.9	282	100
1950	2 965	1 036 175	7.5	312	108
1951	3 121	1 137 931	8.1	359	125
1952	3 333	1 260 435	8.7	424	154
1953	3 606	1 434 270	9.7	489	203
1954	3 920	1 560 714	10.3	552	213
1955	4 100	1 731 328	11.1	653	260
1956	4 258	1 870 277	11.6	761	310
1957	4 349	2 059 835	12.4	846	345
1958	4 485	2 187 494	12.8	1 009	391
1959	4 570	2 360 047	13.5	1 158	473
1960	4 667	2 544 300	13.9	1 299	482
1961	4 682	2 740 251	14.9	1 509	579
1962	4 767	2 879 179	15.3	1 674	676
1963	4 809	3 123 735	16.6	1 920	771
1964	4 870	3 418 033	17.6	2 213	919
1965	4 939	3 677 291	18.6	2 542	1 078
1966	4 934	3 859 677	19.3	2 926	1 227
1967	4 911	4 308 439	21.0	3 367	1 323
1968	4 861	4 632 382	22.3	3 699	1 482
1969	4 769	4 968 802	23.5	4 064	1 526
1970	4 595	5 203 402	24.5	4 592	1 781
1971	4 444	5 454 292	25.1	5 588	2 463
1972	4 351	5 843 820	26.7	6 761	2 970
1973	4 256	6 382 054	28.9	8 466	3 766
1974	4 194	6 805 625	30.3	10 026	4 112
1975	4 117	7 268 552	31.8	12 331	4 983
1976	3 876	7 938 000	34.5	15 699	6 340
1977	3 835	8 521 779	36.6	19 445	7 855

(a) Newfoundland included in 1949 and subsequent years.



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